

## CHAPTER 8

### REPORTS IDENTIFYING HIGHWAY INCOME AND EXPENDITURES OF STATE GOVERNMENTS

This chapter details the procedures for completing form FHWA-531, State Highway Income, and form FHWA-532, State Highway Expenditures. These forms have been designed to record information on a State government's highway and *mass transit financing* activities.

Form FHWA-531 reports the State government's highway-user revenue and other revenues used to fund a State's highway and mass transit expenditures. Form FHWA-532 reports the State government's highway and mass transit expenditures, and any nontransportation distributions from highway-user revenues. This reporting is inclusive of all State agencies with highway and mass transit functions. These agencies include: departments of transportation (DOT), highway departments or highway agencies, State Police or State Highway Patrol agencies, toll authorities, quasi-State and multi-State agencies, and others. References to State DOTs include State highway departments and agencies.

Forms FHWA-531 and FHWA-532 together are intended to provide an *annual cash flow statement for highways and mass transit in which major revenue sources and major expenditure items are identified*. Together, forms FHWA-531 and FHWA-532 provide a balanced statement of all funds controlled or administered by State agencies that perform highway-related functions. The data reported on these forms provide the basis for entries in the FHWA's SF series of highway finance tables.

The FHWA highway finance tables (State and local) are the basis of important national summaries of highway finance information that are used by FHWA, the U.S. Department of Transportation, the Office of Management and Budget, the Congress and other groups to develop national transportation policy and programs. For example, highway finance data are used in a report to Congress on the future highway needs of the Nation that the Secretary of Transportation is required to prepare biennially (Title 23 U.S. Code, section 502(g)).

The finance summaries in combination with Highway Performance Monitoring System (HPMS) data permit FHWA to infer relationships and trends about changes in highway conditions and performance to changes in highway expenditures and investment patterns for all levels of government. These data are used in estimating

highway needs and promote discussion in the development of the appropriate future Federal responsibility in highway transportation.

Each form provides spaces for entering the State name, the reporting year, notes and comments, the data reporting source and the preparer of the forms. Pages 2 and 3 of each form provide eight columns, columns (b) through (i), for the State's convenience in identifying and reporting at least the major funds administered by the State DOT or other reporting agency. The columns may also be used to report data by agency, function, or activity. This structure makes it relatively easy for the user of the two reports to trace the flow of revenues into, and expenditures out of, each fund. Page 1 of forms FHWA-531 and FHWA-532 provide for recording essential details of various summary entries on pages 2 and 3. Additional detail may be provided on page 4 or in a note or supplemental schedule.

This chapter presents the detailed instructions for each form separately, but neither form can be completed without a working knowledge of the other. The two reports constitute an integral unit. Before discussing how to complete each form, the chapter covers important general considerations regarding the forms. It is strongly suggested that the user of this chapter become familiar with this material and with the instructions for both forms before attempting to complete either form.

#### IMPORTANT GENERAL CONSIDERATIONS

**Reporting year.**—States may choose to report data for a either a calendar year, or the State fiscal year. Indicate the selected 12-month reporting period on page 1. The due dates for forms FHWA-531 and FHWA-532 are set according to the data reporting year on the forms. See Chapter 1 for information on form due dates. Once the State has chosen the time period basis for its reports, it should continue to use the same reporting year basis for future reporting.

The FHWA-531 and FHWA-532 reports are part of a group of statistical and economic evaluators of State highway operations and are not intended to be strictly accounting records. A State should use the reporting year that permits it to provide the most accurate and complete data by the required due dates. Forms

FHWA-531, FHWA-532, FHWA-534, FHWA-541, FHWA-542, and FHWA-543 must all be prepared for the same time period.

State highway receipts and expenditures should correlate and reconcile with other reported information on State highway operations, i.e., DOT annual financial reports, annual State Budget, etc. Differences between data reported on form FHWA-531 and that reported on forms FHWA-556 and FHWA-566 caused by the use of *different reporting years* should be noted on form FHWA-531.

*Accounting methods.*—Many State DOTs keep accounts on an accrual basis, while others record transactions on a cash basis. Forms FHWA-531 and FHWA-532 should be compiled on a cash basis. Because States differ in their handling of accrued revenues and expenditures, reporting on a cash basis ensures comparability of data among State agencies and functions.

Converting from an accrual to a cash basis primarily involves the handling of accounts receivable and payable. The State must avoid reporting receivables as income and payables as expenses. The principal method of conversion is the use of net entries, that is, add prior year and subtract current year entries to the appropriate accounts.

Under accrual accounting procedures, some State DOTs carry an "accounts payable" account, which usually consists of contractors' retainage and similar reserves. In converting to a cash basis, the net change (plus or minus) in "accounts payable" from beginning to end of the year should be absorbed in the appropriate expenditure item on form FHWA-532. If the entry mostly reflects amounts retained for construction work, then the net change should be absorbed in FHWA-532, item A.1. If the proper expenditure item cannot be identified, the net change in "accounts payable" should be reported in item A.4. on form FHWA-532 and described in a note.

*Coverage.*—Forms FHWA-531 and FHWA-532 are designed to accommodate the accounting transactions of State DOTs and all other State agencies which have highway or mass transit functions. Receipts and expenditures of other State agencies should be shown in separate columns from those of the State DOT on the forms.

States that prefer not to commingle State DOT transactions with the highway transactions of other State agencies on the same forms should provide an additional form FHWA-531 and form FHWA-532 or a similar

supplemental report for each State agency not included on the primary report. Provision must be made to report the highway and mass transit related activities of State agencies such as State park boards, conservation commissions, departments of public safety (State police and highway patrol), Governor's office of highway safety, motor-vehicle departments, special toll (or free road) authorities and State bond commissions.

In some States, aid to local governments for highway purposes is derived from Federal shared revenues or from State taxes, fees, or appropriations (other than road-user taxes) that do not pass through State DOT accounts. Any Federal or State funds known to have been distributed to local governments for highway activities during the year should be included on forms FHWA-531 and FHWA-532 or reported on a supplemental statement. (See the discussion later in this chapter regarding items B.6., B.7., and B.8. on form FHWA-531 and item A.10. on form FHWA-532.)

Receipts and disbursements by the State government for mass transit activities are included on forms FHWA-531 and FHWA-532. The reporting of mass transit information should exclude public and private mass transit operators. Operator data are reported through the Federal Transit Administration's (FTA) Section 15 program, and should be omitted from FHWA-531 and FHWA-532. Only State government subsidies of mass transit operators, or independent programs operated by the State Government should be reported. A separate column on form FHWA-531 and FHWA-532 should be used for mass transit data.

*Toll facility data.*—Toll facility data should be identified and reported separately from other State highway finance data on forms FHWA-531 and FHWA-532. Toll facility data may be reported through annual audit reports, on optional form FHWA-539, or in separate columns on forms FHWA-531 and FHWA-532. See Chapter 10 for specific instructions on toll facility reporting.

*Classification of local governments.*—Local governments are defined to include counties, townships, municipalities and agencies subordinate to them. Subordinate agencies to local governments may include special highway authorities and districts, regional authorities, and special multi-jurisdictional authorities. Local government highway funding should be reported on form FHWA-536. See Chapter 11 for specific instructions on local highway finance reporting.

*Funds to be reported.*—Columns (B) through (H) on pages 2 and 3 of forms FHWA-531 and FHWA-532 should be used to record at least the major funds

administered by the State for highways and mass transit. If reporting by fund categories, each major fund should be reported in a separate column. Column (B) should be used to identify funds from the Federal Highway Administration (FHWA). Minor funds can be grouped in a single column. In addition, since forms FHWA-531 and FHWA-532 together constitute a balanced statement of income and expense, transactions in each fund should be in balance between forms FHWA-531 and FHWA-532.

If a single highway fund is responsible for all of the highway-related activities in the State, or if highway transactions are made entirely through the State general fund, column (a) should be used to represent the highway fund's financial transactions. The State should use additional columns for informational purposes, for reporting by activity, function, or State agency, and for reporting mass transit activities.

When all highway and mass transit activities are funded through a transportation fund, separate columns for highways and mass transit should be used. Additional columns should be used for informational purposes and for reporting by activity, function, or State agency.

Sinking funds or other debt reserves for highway debt should be reported in a separate column. If the State DOT allocates funds for debt service to an account maintained by the State treasurer, State bond commission, or other State fiscal officer, the complete transactions of the debt funds should be recorded on forms FHWA-531 and FHWA-532. If the State prefers, the State may report sinking fund and debt service transactions on optional form FHWA-543 instead of on forms FHWA-531 and FHWA-532. See Chapter 9 for specific instructions on reporting State transportation debt.

Sinking funds and debt service for mass transit should be reported separately from information on highway debt. Debt service for mass transit should be reported in item A.11.d. on form FHWA-532.

When highway activities are funded through several sources, the State may find that reporting information in separate columns by activity, function, or fund provides a clearer presentation of its highway finance.

*Income and Expenditures to be reported.*—For information on specific State taxes and fees to be accounted for, see tables MF-106, MV-106, and S-106 in the publication *Highway Taxes and Fees, How They Are Collected and Distributed*. These tables identify motor-fuel, motor-vehicle and other State tax revenue distributions for highways and mass transit.

In general, all motor-fuel and motor-vehicle distributions shown on form FHWA-556, item 8, and form FHWA-566, item 8., should be included as receipts on form FHWA-531. Any distributions that are not included on form FHWA-531 should be identified in a note.

The following types of expenditures should be recorded as expenditures on form FHWA-532 and the associated revenues should be included in gross income on form FHWA-531:

- ! Expenditures for State highway police or other law enforcement activities related to State highways should be reported on form FHWA-532.
- ! Payments to other State agencies for services on State highways or debt service on State highway bonds should be included on form FHWA-532. Highway costs include payments to the State attorney general's office for legal services, to the State auditor for auditing services, or to a State fiscal officer for debt administration or debt service payments in connection with State highway bonds.
- ! Payments to local governments for work on local roads and streets are reported as transfers on form FHWA-532.
- ! Expenditures on public roads for the benefit of private interests and the associated private contribution or reimbursement are included on form FHWA-532. An example is when the State constructs an interchange to give a business access to the State highway system and the company either partially or fully reimburses the State for the cost of the interchange.
- ! State expenditures and transfers for mass transit activities should be included on form FHWA-532.
- ! Expenditures of highway-user revenues for nonhighway purposes are identified and reported on form FHWA-532.

All other receipts and expenditures related to highway and mass transit activities should be recorded on forms FHWA-531 and FHWA-532 with the following exceptions:

- ! Any refunds and costs associated with the collection and administration of highway-user

taxes and fees that are not deducted on forms FHWA-556 and FHWA-566, should be deducted in the detail section for items B.1. and B.2. on form FHWA-531. Refunds, collection expenses and administrative costs of highway-user taxes and fees should not appear in item A.4. or A.13. on form FHWA-532.

! Receipts and disbursements of State toll facilities should not be reported with other State information on forms FHWA-531 and FHWA-532. Toll facility information should be reported according to the instructions in Chapter 10. The only toll-related information reported on forms FHWA-531 and FHWA-532 involves State transfers to toll facilities and toll facility transfers to State highway programs. (See instructions for form FHWA-532, item A.8. and for form FHWA-531, item B.5.)

! The proceeds from and redemption of short-term notes should be omitted from forms FHWA-531 and FHWA-532. Notes outstanding should be included as negative adjustments to the opening and closing balances on FHWA-531 and FHWA-532. Interest costs on notes should be reported on FHWA-532 in item A.6.b.

! Receipts that are reductions of previous expenditures should not be reported on form FHWA-531. Instead those receipts should be removed from the associated expenditure items on form FHWA-532. For example, the sale of land originally purchased for right-of-way should be offset against item A.1.a. on form FHWA-532.

! When construction projects cross State lines and involve expenditures by two States, each State should report only its share of the total project expenditures. For example, the State awarding the contracts and administering the project should report only its share of expenditures from its own revenues. The reimbursing State should include its share of project costs as a direct expenditure and not as a transfer. The net result is that each State will receive credit for its respective share of the projects costs. No fund transfers are reported between the States. This treatment avoids duplicating revenues and expenditures when State data are combined into national tables.

! When construction projects are controlled jointly by State and local governments, only the State's share of the costs would appear on form FHWA-532. The local government's share of costs would appear on form FHWA-536. For example, if a local government performed work on a road under State jurisdiction, but the State retained responsibility for engineering and oversight functions, then the local government's construction costs would be reported on form FHWA-536, while the State's engineering and overhead costs would be reported on form FHWA-532.

! When a local government has controlled all aspects of a project, such projects would be reported on form FHWA-536, and excluded from form FHWA-532. This is true even if the local government has contracted with the State to perform some of the work. If the State has acted only as a subcontractor to a local government, then the State work on the local project is omitted from form FHWA-532 and the associated reimbursements to the State are omitted from form FHWA-531. This avoids duplication between forms FHWA-536 and FHWA-532, by assigning project costs to the responsible level of government.

! Reimbursements to the State from private sources for nonhighway expenditures are omitted from form FHWA-531. The nonhighway expenditure would also be omitted from form FHWA-532. Examples are when the State is reimbursed for paving the driveway of a private individual while it is repaving a neighborhood street, or when it resurfaces a shopping center parking lot for a private developer or a private street in a townhouse development for a homeowners' association. In these cases, the State has acted as a private paving contractor and neither the reimbursement nor the expenditure should be reported. Similarly, if the State sells bags of salt to private individuals for private use, the State's salt and snow removal expenditures should be reduced by the cost of salt sold to private individuals.

#### **INSTRUCTIONS FOR FORM FHWA-531**

The following procedures should be followed in recording data for the items on page 2 and in providing

the detail for the supporting schedule on page 1 (the items on page 1 are numbered to correspond to the items on page 2).

*Item A. Balances on hand at beginning of year.*—This item records the balances available at the beginning of the reporting year. The balances are composed of cash and the value of investments at cost. These balances should include (a) balances in all funds standing to the credit of the State DOT, including bond sinking and debt service funds, (b) highway and mass transit fund balances to the credit of other State agencies that are included on forms FHWA-531 and FHWA-532, and (c) unexpended or unallocated proceeds of previous years' bond sales. The balances are identified by fund, agency, or activity in columns (A) through (H).

*Item A.1. Reported at end of prior year.*—Enter the amount of cash and investments reported as an unexpended balance in item C. on form FHWA-532, for the prior year.

*Item A.2. Adjustments of balance.*—Enter any adjustments to the prior year's ending balances. Generally, beginning year balances should be revised only as a result of an audit or to add a fund or agency to the reporting. Lapsed appropriations or allocations should not be shown as revisions of the balances because they may not represent cash transfers.

When lapsed appropriations or allocations result in a reversion of funds to the State general fund, the resulting cash transfer should be accounted for as a transfer to the State General Fund in item A.13.a. on form FHWA-532.

When adjustments are made in item A.2. to revise a balance in item A.1., an explanation of the revision should be provided in a note.

Transfers among the funds reported on form FHWA-531 should not be recorded as adjustments of balances. Transfers are reported in item C. on form FHWA-531 and in item B. on form FHWA-532.

*Item A.3. Balance at beginning of year.*—Enter the result of item A.1. and adjustments from item A.2.

*Item B. Income.*—Ten categories are provided for summarizing and reporting income by fund, agency, or activity.

*Item B.1. State motor-fuel taxes.*—Record the net amount of State revenue that was raised from State taxation of motor-fuels. Net motor-fuel revenues are

directly related to the taxation on the highway use and highway users of gasoline, gasohol and special fuels as reported on form FHWA-556.

The revenue distributions represented in this item should correspond to information provided on State revenue distributions in table MF-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in table MF-106.

The detail for this item assists in reconciling forms FHWA-556 and FHWA-531. If form FHWA-556 is not available at the time form FHWA-531 is prepared, then the detail for this item should be left blank. When form FHWA-556 is provided, the State should also prepare a reconciliation between item 8., FHWA-556 and this item. The reconciliation can be either a revised page 1 of form FHWA-531 or a supplemental statement containing information similar to detail items B.1.a. through B.1.f.

*Item B.1.a. Total Distributed.*—Enter the amount of net motor-fuel tax revenue that was distributed by the collecting agency. This amount should correspond to the total distributions reported on form FHWA-556, item 8. If form FHWA-556 is prepared for a different reporting year than form FHWA-531, the amount reported on form FHWA-556, item 8 is still reported in this item. Compensating adjustments are made in item B.1.b.

*Item B.1.b. Adjustments due to Timing Differences.*—Report any differences between form FHWA-531 and form FHWA-556 attributable to timing differences. Timing differences may be caused by differences in reporting years used for the two reports, or because of delays between the time funds are reported as distributed in collecting agency records, and the time funds are reported as received in highway agency records.

Before any amount is entered in this item, it should be verified that timing differences are the reason for differences between the reports, and that differences in definition are not a factor. Forms FHWA-531 and FHWA-556 should be prepared using the same definitions of motor-fuel taxes.

*Item B.1.c. Less Collection costs not shown on FHWA-556.*—Enter costs incurred in the collection of motor-fuel taxes that were not deducted on form FHWA-556, item 4. Typically, deductions from motor-fuel tax revenues for collection expenses and administrative costs made by the collecting agency prior to the funds being distributed should be reported on form

FHWA-556. If the collection expenses are paid after the distribution of motor-fuel tax revenues and are not reported on form FHWA-556, they should be reported in this item.

*Item B.1.d. and B.1.e. Less Other (Specify).*—Enter any other amounts distributed on form FHWA-556, item 8 that are not fully accounted for on forms FHWA-531 and FHWA-532. Specify the agency, activity, or purpose of the distribution in the space provided or in a footnote.

All distributions reported in item 8 of form FHWA-556 should be fully accounted for on forms FHWA-531 and FHWA-532. If the State excludes some nonhighway distributions of motor-fuel tax revenue from form FHWA-532, then the excluded amounts should be reported in this item, and identified separately. For example, if form FHWA-556, item B.8. includes distributions to a School Fund but the State prefers not to account for these expenditures on form FHWA-532, item A.13., these amounts should be reported as a deduction in this item and identified as a distribution to the School Fund. If multiple nonhighway funds or accounts are excluded, then each should be listed separately in this item or in a note.

*Item B.1.f. Net Income.*—Enter the sum of items B.1.a through B.1.e. This amount should equal the total shown for item B.1. on page 2.

*Item B.2. State motor-vehicle, driver license, and motor carrier taxes and fees*—Record the net amount of State revenue that was raised from State taxation of motor-vehicles, drivers, and motor-carriers. These net revenues are directly related to State taxation imposed on the ownership and operation of motor-vehicles for highway purposes through motor-vehicle registration fees, dealer licenses, driver licenses, certificates of title, gross receipts taxes, distance taxes, weight/capacity taxes, permit fees, fines and penalties for infractions of the motor-vehicle registration laws, and miscellaneous receipts of the State motor-vehicle agency. The information reported in this item should be consistent with that reported on form FHWA-566.

The revenue distributions reported in this item should correspond to information provided on State revenue distributions in table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in table MV-106.

The detail for this item assists in reconciling forms FHWA-566 and FHWA-531. If form FHWA-566 is not

available at the time form FHWA-531 is prepared then the detail for this item should be left blank. When form FHWA-566 is provided, the State should also prepare a reconciliation between item 8., FHWA-566 and this item. The reconciliation can be either a revised page 1 of form FHWA-531 or a supplemental statement containing information similar to detail items B.2.a. through B.2.f.

*Item B.2.a. Total Distributed.*—Enter the amount of net motor vehicle revenue that was distributed by the collecting agency. This should correspond to the amount reported on form FHWA-566, item 8.

If form FHWA-566 is prepared for a different reporting year than form FHWA-531, the amount reported on form FHWA-566, item 8 is still reported in this item. Compensating adjustments are reported in item B.2.b.

*Item B.2.b. Adjustments due to Timing Differences.*—Enter any differences between forms FHWA-531 and FHWA-566 attributable to timing differences. Timing differences may be caused by differences in reporting years used for the two reports, or because of delays between the time funds are reported as distributed in collecting agency records, and the time funds are reported as received in highway agency records.

Before any amount is entered in this item, it should be verified that timing differences are the true reason for differences between the reports, and that differences in definition are not a factor. Forms FHWA-531 and FHWA-566 should be prepared using the same definitions of motor-vehicle, driver license, and motor-carrier taxes, fees, and revenues.

*Item B.2.c. Less Collection costs not shown on form FHWA-566.*—Enter costs incurred in the collection of motor-vehicle, driver license, and motor-carrier taxes and fees that were not deducted on form FHWA-566, items 2 or 4. Deductions for collection expenses and administrative costs made by the collecting agency prior to the revenue distribution, should be reported on form FHWA-556. Collection costs paid after the distribution of motor-vehicle, driver license, and motor-carrier tax revenues and not reported on form FHWA-566 should be reported in this item.

*Item B.2.d.-B.2.e. Less Other (Specify).*—Enter any other amounts distributed on form FHWA-566, item 8 that are not fully accounted for on forms FHWA-531 and FHWA-532. Specify the agency, activity, or purpose of the distribution in the space provided or in a footnote.

All distributions reported on FHWA-566, item 8, should be fully accounted for on forms FHWA-531 and FHWA-532. If the State excludes some nonhighway distributions of revenues from motor-vehicle, driver license, and motor-carrier taxes and fees from form FHWA-532, the excluded amounts should be reported in this item, and identified separately. For example, if form FHWA-566, item B.8. includes distributions to a School Fund but the State prefers not to account for these expenditures on form FHWA-532, item A.13., then these amounts should be reported as a deduction in this item and identified as distributed to the School Fund. If multiple nonhighway funds or accounts are excluded, then each should be listed separately in this item or in a note.

*Item B.2.f. Net Income.*—Enter the sum of items B.2.a. through B.2.e. This amount should equal the total shown for item B.2. on page 2.

*Item B.3. Appropriations from State general funds.*—Enter the net revenues that were received from appropriations for all highway and mass transit activities from State general funds. The purpose of the appropriations should be identified in the detail section on page 1.

Although most of a State's funding for transportation programs is through dedicated highway and mass transit accounts and trust funds, some highway and mass transit related functions may be funded by the State General Fund. Some non-DOT agencies involved in highway activities are not funded from a State highway account or trust fund. For example, appropriations made to State agencies other than the State DOT for road work on roads that are not on the designated State or local system. State park, forest, and institutional roads are examples of the types of roads that may be funded by general fund appropriations. The highway law enforcement and safety activities of the State police or other State highway safety agencies are further examples of activities that could be funded from the State general fund. Also, the State general fund may support debt service on State obligations that were issued for highway or mass transit purposes.

If another State agency provides funds to a State DOT for road work, then the revenue should be reported according to the ultimate source of the other agency's funding. Frequently, the State general fund is the source of funds for the other State agency.

In States that operate predominately through the general fund, all highway appropriations should be recorded in this item. Generally, the "one-fund" States do not have

specific highway funds receiving dedicated highway-user tax revenue. Instead, all State taxes and fees are deposited into the State general fund and lose their identities.

*Item B.4. Other State taxes or fees.*—Enter the amount of other State taxes or fees that were dedicated and used for highway and mass transit purposes. Examples of tax revenues reported in this item include: sales and use taxes, oil royalties, severance taxes, corporate income taxes, specific ownership taxes, traffic impact fees, benefit assessments, etc. Only the proceeds of these and other taxes and fees that are legislatively allocated or dedicated for highways and mass transit should be recorded in this item. The net revenues for highways from special assessment or taxing districts should appear in this item. The tax source should be identified in the supporting schedule on page 1. The other taxes or fees that are reported in this item are not classified as highway-user revenues and are not included in items B.1. or B.2. on form FHWA-531.

Table S-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* should be used as a guide to the major taxes and fees to be accounted for as other State taxes for highways. All other State taxes or fees transferred to local governments for highways should be reported in this item, even if the funds do not pass through the State DOT.

*Item B.5. Funds from toll facilities.*—Enter all funds transferred from toll facilities to nontoll State accounts for State highways, mass transit, and other activities. Do not include reimbursements for road work on State toll facilities performed by the State DOT.

State DOT expenditures on toll facilities should be included in the toll facility reports, not on forms FHWA-531 and FHWA-532. Reimbursed expenditures are considered as expenditures of the toll facility. If the toll facility report submitted by the State excludes work performed on its behalf by the State DOT, then the State should submit a supplementary statement showing these amounts.

*Item B.6. Funds from Federal Highway Administration.*—Record in this item the total amount of funds received by the State during the year from the FHWA. The funds should be recorded on the basis of actual payments (checks received) and not on the basis of obligations, earnings, or vouchers submitted but not paid.

Many States maintain separate funds for Federal-county, Federal-State-county, or Federal-city programs. In these

cases, Federal payments for projects on roads and streets that are under local jurisdiction should be identified and recorded in appropriate fund columns on page 2. However, when no separate account or fund has been established, it is still desirable to identify and segregate the Federal, State, and local funds for work on roads that are under local jurisdiction in separate columns. These income items can then be related to the direct State expenditures that are entered in item A.9. or the State transfers in item A.10. on form FHWA-532. If sufficient columns for these entries are not available, the transactions should be reported in a supplemental statement or in a note.

*The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)* provides Federal credit assistance to major transportation investment projects of critical national importance. Federal credit assistance takes the form of secured loans, loan guarantees, and standby lines of credit. Amounts received under this program should be identified in a note that also indicates how the funds were used.

Federal funds used to capitalize a State Infrastructure Bank (SIB) or infrastructure revolving fund should be identified in a note. The receipt and expenditure of those funds should also be shown in a separate column on forms FHWA-531 and FHWA-532.

Federal funds used on a toll road project should be identified in a note that indicates the toll facility and the use of the Federal funds.

*Item B.6.a. Highway purpose.*—Enter the amount of FHWA funds that were expended for highway purposes.

*Item B.6.b. Transit purpose.*—Enter the amount of FHWA funds that were expended for mass transit purposes. FHWA's Surface Transportation Program (STP) or Congestion Mitigation and Air Quality Improvement (CMAQ) funds transferred to transit projects administered by the FTA should be reported in this item.

*Item B.6.c. Total.*—Enter the sum of items B.6.a. and B.6.b.

*Item B.7. Funds from other Federal agencies.*—Record in this item all funds for highways and mass transit received from Federal agencies other than the FHWA. The agencies and amounts should be identified in the supporting schedule on page 1. Table F-106 in *Highway Taxes and Fees, How They Are Collected and*

*Distributed* should be used as a guide to highway and road assistance programs of other Federal agencies.

Sometimes, one Federal agency will administer funds provided by another Federal agency. To the extent possible, the amounts should be identified as payments from the source agency, not the administering agency. For example, Federal Transit Administration (FTA) funds administered by FHWA should be identified as payments from FTA to the State.

All Federal funds paid to, shared with, or expended by the State for road purposes should be reported in this item including Federal funds that were paid to State agencies other than the State DOT or were paid in the final instance to local governments.

*Item B.7.a. Federal Transit Administration-highway purpose.*—Enter all FTA funds that were expended for highway projects.

*Item B.7.b. Federal Transit Administration-transit purpose.*—Enter all FTA funds that were expended by the State for mass transit projects.

*Item B.7.c. National Highway Traffic Safety Administration.*—Exclude FHWA funds administered by NHTSA under provisions of Title 23 sections 402, 403, 405, 406, 407, 408, 410, and 411. Include all other funds administered by NHTSA.

*Item B.7.d. Forest Service.*—Enter all funds received from the U. S. Forest Service that have been or will be used for highways.

The National Forest Fund transfers a portion of timber sale receipts to States for roads and schools in counties where forests are situated. Often, these funds are passed through to county governments by State agencies other than the State DOT. This may make it difficult for the State DOT to determine the actual amount used for roads during the current year.

The State may elect to report this information in a footnote indicating the approximate percentage of its Forest Service receipts that have been used for roads in the past. FHWA will estimate this item based on the percentage supplied by the State and on current year payment data supplied by the Forest Service.

*Items B.7.e. through B.7.o. Other Federal agencies.*—Enter all other Federal funds received by the State for highway and mass transit purposes. Identify the

amount and Federal agency in the appropriate item on page 1.

*Item B.7.p. Total.*—Enter the sum of items B.7.a. through B.7.o.

*Item B.8. Funds from local governments.*—Enter the funds provided by local governments for expenditure by the State on highways or mass transit. If there were contributions from other rural units, such as county road improvement districts, this fact should be given in a note.

Funds from local governments that were advanced to the State prior to expenditure or as a loan should also be recorded in this item. Unexpended amounts should be included in the balances. The repayment of advances by the State should be shown in item A.10., FHWA-532. However, loan advances and repayments made in the same year should be omitted. The proceeds of local bonds on which the State is responsible for meeting the interest and/or principal payments should be reported in item B.9. instead of in this item.

In some cases, a portion of the local governments' share of State highway-user revenues is not paid directly to local governments, but is retained by the State and used to match Federal-aid funds for road projects for local governments, to reimburse the State for work performed at the request of local governments, or for other purposes. Since the funds were never actually transferred by the State to the local government, these funds should be treated as if they were generated and expended solely by the State. In such cases, no transfer of funds would be shown in this items, or in item A-10 on FHWA-532.

When the funds transferred from local governments are earmarked for a specific purpose, the amounts should be identified in an appropriate column that shows the linkage between the local funds and their object of expenditure.

When local governments provide at least part of the matching funds for State-administered Federal-aid projects, any funds for these projects should be recorded in this item, whether the State expenditures occur on State jurisdiction roads, or local jurisdiction roads.

*Item B.9. Proceeds of sale of bonds.*—Enter the net proceeds of bonds issued for the construction of highways and public mass transit. The net proceeds of obligations issued for the purpose of refunding existing debt should also be included in this item. The amount reported should agree with FHWA-541, item 9.A.(7). Any differences should be explained in a footnote.

The net proceeds of State bonds issued by the State for local roads and streets, and the financial transactions associated with local bonds assumed by the State should be recorded in a separate column.

The proceeds of the issue of State highway notes or other evidences of indebtedness that will be redeemed within 2 years should not be recorded on form FHWA-531. Instead, the amount of the temporary indebtedness outstanding at the beginning and the end of the year should be deducted from the beginning of year balances in item A., FHWA-531 and the end of year balances in item C. on form FHWA-532. The issuance of warrants (if any) for payments on construction or maintenance work should be handled in the same manner, with the transactions recorded on form FHWA-532 as expenditures during the period in which the warrants were issued. The cost will then be shown for the year in which it was incurred and the necessity for recording the retirement of the warrants will be avoided.

*Item B.10. Miscellaneous State highway income.*—Record in this item those types of revenue that cannot be specifically classified under another item listed on form FHWA-531. Identify major items in the detail section on page 1, or in a footnote.

Transfers from other State agencies to the State DOT should not be included in this item. Instead, they should be recorded according to the original source of the revenue provided the other agency. In many cases, the source would be the State general fund, so the amounts transferred by other State agencies would be reported in item B.3.,FHWA-531.

Revenue from transactions that are in effect reductions of expenditures should not appear as income on form FHWA-531 (or as a balance adjustment), but should be deducted from the appropriate expenditure item or items on form FHWA-532. For example, proceeds from the sale of right-of-way would be excluded from this item and would instead be deducted from right-of-way costs reported in item A.1.a., FHWA-532. Similarly, proceeds from the sale of maps or plans would be deducted from the gross cost of creating these items, which would be reported in item A.4.a., FHWA-532.

*Item B.10.a. Investment income, bond sinking funds.*—Enter the investment income of sinking fund accounts or other accounts specifically established for debt service transactions. Investment income includes the interest on deposits and investments, plus the net profit or loss from exchange of cash and investments. This information is needed for States that have established reserves for the

retirement of outstanding debt or for the payment of interest and retirement charges on bonds.

*Item B.10.b. Interest on investments, other accounts.*—Enter all revenues from interest on deposits and investments and investment income from the net profit or loss from the purchase and sale of investments from all accounts other than bond sinking funds.

*Item B.10.c. Private contributions.*—Enter all contributions from private sources. Private sector participation in financing highway projects can take the form of cash contributions, transfers of real property, construction of facilities, and services such as engineering. When the value of donated land, facilities or services is reported in this item, a like amount should be added to items A.1., A.7. or A.9. on form FHWA-532 as appropriate, and should also be identified in a note on form FHWA-532.

*Items B.10.d. through B.10.h.*—Identify large items of miscellaneous income. If additional room is needed, this information can be provided in a note on page 4.

*Item B.10.i. Total.*—Enter the sum of items B.10.a. through B.10.h.

*Item B.11. Total income.*—Enter total State highway income by adding items B.1. through B.10.

*Item C. Interfund transfers, in.*—Enter the sum of all interfund transfers in. In conjunction with item B. on form FHWA-532, item C. records transfers among the funds reported, such as from State highway funds to the sinking fund, or from the construction fund to the maintenance fund, and so forth. Transfers from State motor-fuel and motor-vehicle revenues to the State general fund should not be entered here, but should be shown as expenditures in item A.13.a. on form FHWA-532. Similarly, transfers from the State general fund to highway agency funds should be shown in item B.3. on form FHWA-531.

The sum of the entries in item C. on form FHWA-531 must equal the sum of the entries in item B. on form FHWA-532. If not, the reason for any difference should be explained in a note.

*Item D. Total funds to be accounted for.*—Enter the sum of items A.3., B.11. and C. The entries in item D. must equal the entries in item D. on form FHWA-532.

## **INSTRUCTIONS FOR FORM FHWA-532**

The following procedures should be followed in recording data for the items on page 2 and in providing the detail for the supporting schedule on page 1 (the items on page 1 are numbered to correspond to the items on page 2).

As a rule, the classification of highway construction and maintenance expenditures should be consistent with the criteria provided in the American Association of State Highway and Transportation Officials publication, *AASHTO Maintenance Manual-1987*. Exceptions to the expected classification of expenditures are provided in the instructions. Since not all situations can be anticipated in these instructions, States are encouraged to use judgment in the classification and recording of expenditures.

All expenditures should be classified according to purpose, and not necessarily according to funds. For example, a number of States expend "maintenance" funds for resurfacing, additions and betterments which should be classified as construction. Such expenditures should be shown as a capital outlay in item A.1. instead of a maintenance expenditure in item A.2.

*Item A.1. Capital outlay on State system.*—Record in this item capital outlay for highways, roads and streets that are part of the State highway system. Capital outlay includes (1) acquisition of right-of-way, (2) preliminary and construction engineering, and (3) construction of roads and structures, and installation of traffic service facilities.

The cost of construction materials and supplies and, if possible, construction machinery and equipment costs, should be included in the construction expenditures reported. Administrative costs directly assignable to specific capital outlay projects should be included here, but all other administrative costs should be reported in item A.4.

Capital outlay for toll facilities should not be included under this item. See instructions for item A.8. and Chapter 10 for information on toll facility reporting. Mass transit capital expenditures should also be excluded from item A.1. Capital outlay for mass transit should be included only in items A.11. and A.12.

*Item A.1.a. Cost of acquiring right-of-way.*—Include the following expenditures: right-of-way administration; purchase of land, improvements and easements; and the costs of moving and relocating buildings, businesses, and persons.

*Item A.1.b. Preliminary and construction engineering.*—Include the following expenditures: field engineering and inspections; surveys, material testing, and borings; preparation of plans, specifications and estimates (PS & E); and traffic and related studies.

*Item A.1.c. Construction of highways.*—Record in this item all expenditures for construction, relocation, resurfacing, restoration, rehabilitation and reconstruction (3R/4R), widening, safety and capacity improvements, restoration of failed components, additions and betterments of roads and bridges. Some aspects of construction are as follows:

- ! Construction of roads includes: roadway earth work and grading; drainage and related protective structures; base and surface or resurfacing; shoulder and approach surfacing, including turnouts, interchanges, frontage roads, climbing lanes and parking areas; utility relocation; major and minor widening; safety related improvements; and environmentally related improvements.
- ! Construction of structures includes: bridges; viaducts; grade separation structures, overpasses and underpasses; vehicular tunnels and subways; sewer and drainage systems, walls and roads over dams; and ferries and landings. This also includes the installation of protective systems on structures subject to particularly harsh environments and chemical damage.
- ! Installation of traffic service facilities includes the cost of building or installing specialized facilities and equipment designed to aid, direct, regulate or control vehicular use of the highways. For example, weather monitors installed along an Interstate highway as part of an Intelligent Transportation System (ITS) project. (Report costs of inspection, highway patrol, and vehicle weight facilities in item A.5.)

Further examples of construction expenditures can be found in the instructions for form FHWA-534 in Chapter 12.

*Item A.1.d. Total.*—Enter the sum of items A.1.a. through A.1.c.

*Item A.2. Maintenance of State system.*—Enter all expenditures classified as maintenance for highways, roads, and streets that are part of the State highway system.

The cost of materials and supplies that are used in maintenance activities and maintenance equipment costs should be included in the maintenance expenditures reported. As with construction expenditures, the maintenance expenditures reported should include all administrative and engineering costs directly assignable to maintenance projects.

The term maintenance as used on form FHWA-532 is defined as the function of preserving and keeping the entire highway, including surface, shoulders, roadsides, structures, and traffic control devices, as close as possible to the original condition as designed and constructed. For improved or reconstructed facilities, subsequent maintenance work only insures continued service as redesigned.

Maintenance on form FHWA-532 also includes preventive maintenance activities. These activities extend pavement and bridge service life to at least achieve the design life of the facility. Preventive maintenance involves programs that delay or eliminate the necessity for future resurfacing, restoration, rehabilitation, and reconstruction of the roads or structures.

General maintenance does not include improvements, additions and betterments, or resurfacing, restoration, rehabilitation, and reconstruction expenditures (3R/4R) which should be recorded in item A.1. The purpose of maintenance is to offset the effects of deterioration from age, weather, use, damage, failure, and design and construction faults.

Roadway maintenance includes all expenditures for routine roadway surface, shoulder, roadside and drainage operations. Structure maintenance includes expenditures for repair and maintenance of bridges, tunnels, subways, overhead grade separations, and other structures, including substructure, superstructure, stream bed operations, and bridge painting. Highway and structure maintenance also includes: spot patching and crack sealing of roadways and bridge decks, the maintenance and repair of highway utilities and safety devices, including repair and painting of route markers, signs, guard rails, fences, signals and highway lighting.

Maintenance expenditures for toll facilities should not be included on form FHWA-532. See Chapter 10 for data reporting requirements for toll facilities.

*Item A.3. Highway and traffic services.*—Record in this item operational expenditures for: (1) traffic control operations and facilities, (2) snow removal and sanding,

and (3) other miscellaneous traffic operation and service expenditures.

*Item A.3.a. Traffic control operations.*—Enter expenditures for operation of intelligent and other traffic control and surveillance systems that are designed to monitor and control traffic by managing vehicle flow on streets and highways. The purpose of these systems is to improve transportation performance, safety, fuel economy, and air quality. These systems include: traffic signal control; freeway, tunnel and bridge surveillance and control; electronic message boards; video monitoring; traffic information radio stations; motorist aid; etc. Also included is operation of toll-free drawbridges, tunnels and ferries.

Only the operating costs of traffic control facilities should be included in this item. The construction of traffic control facilities is included in item A.1. Maintenance of these facilities is included in item A.2.

*Item A.3.b. Snow and ice removal.*—Enter expenditures for removal of snow from roadway or roadside, sanding and chemical applications, and the erection and removal of snow fences.

*Item A.3.c. Other.*—Enter expenditures for highway beautification, junkyard control, control of outdoor advertising, litter pickup and mowing. Also include vegetation management, erosion control programs and programs which monitor highway air quality in nonattainment areas. Air quality programs should be identified in a note on page 4. Expenditures for planning air quality programs should be reported only in item A.4.b.

*Item A.3.d. Total.*—Enter the sum of items A.3.a. through A.3.c.

*Item A.4. General administration and miscellaneous expenditures for State highways.*—Record in this item general and miscellaneous expenditures that are not readily distributable to specific construction or maintenance projects. Expenses associated with the administration of State mass transit programs are reported in items A.11.c. or A.12.c.

*Item A.4.a. General administration and engineering.*—Enter all general expenses of administration, engineering, and miscellaneous expenditures not otherwise classified. Examples include executive salaries and expenses of the State DOT, general engineering and office expenses, operation of department-wide or agency-wide support functions, payment to other State offices for services rendered on behalf of the State DOT, construction and

maintenance of State DOT administrative buildings, cost of insuring buildings and structures, and payment of damage claims and judgments arising from litigation.

Because of varying accounting practices, the reporting of general administrative and engineering expenditures is not uniform among the States. In preparing form FHWA-532, all costs directly attributable to specific projects should be assigned to the appropriate classification in items A.1., A.2., A.7. or A.9. to the extent possible, and eliminated from item A.4.a. For FHWA purposes, expenditures not specifically chargeable to projects or functions should be reported in item A.4. The salaries, wages, related payroll expenses, and fringe benefit costs incurred for the time an employee is actively involved in a function or activity should govern the allocation of those costs to capital outlay, maintenance, administration, etc. These expenses include social security, retirement, insurance premiums, and other payroll benefits.

Administrative expenses such as those for general administration, supervision, and State DOT overhead for management, supervision, and control of the State DOT as an operational State highway agency should not be allocated to capital outlay and maintenance. Such administrative costs would include directors, department heads, other transportation and management officials, legal departments, accounting sections, budget administrations, personnel functions, procurement operations, etc.

The collection and administrative costs associated with motor-fuel and motor-vehicle revenue collections should *not* be included in item A.4. These amounts should be deducted on forms FHWA-556 and FHWA-566, or in items B.1.c. and B.2.c., on page 1 of form FHWA-531.

Many States have established secondary roads divisions for administering State-local programs. To the extent that expenditures of these divisions are restricted to programs for improvement of roads off the State system, the costs of administration should be reported in items A.7.c. and A.9.c. rather than in item A.4.a.

*Item A.4.b. Highway planning and research.*—Enter all expenditures for highway planning, research and investigation, including laboratory and field research in road and bridge materials and design, traffic research, technical and financial studies, and similar investigations by the State highway planning division or equivalent. Include expenditures for all activities funded under the State Planning and Research Program with SPR funds from FHWA.

*Item A.4.c. Total.*—Enter the sum of items A.4.a. and A.4.b.

*Item A.5. Highway law enforcement and safety.*—Record in this item highway law enforcement and safety expenditures by the State DOT, State police, department of public safety, traffic safety commission, and other agencies. These expenditures are classified as: (1) traffic supervision and the enforcement of State highway laws and ordinances; (2) highway, traffic, and driver safety programs; (3) motor-vehicle inspection programs; and (4) enforcement of vehicle size and weight limitations.

To avoid the possibility of duplication, amounts reported in item 10 on form FHWA-566 should not be included in this item. (See the instructions for form FHWA-566 in Chapter 6.) Item 10 on form FHWA-566 should capture any highway law enforcement and safety activities performed by State agencies involved in the collection of motor-vehicle taxes and fees. All other State agencies highway law enforcement and highway safety activities should be reported in this item.

The highway law enforcement activities of other State agencies funded independently of the State DOT should be reported in a separate column on forms FHWA-531 and FHWA-532. If the State prefers, it may report the activities of these other agencies on a separate supplement, instead. Any supplement provided should use the same classification of expenditures as shown in item A.5. The supplement should also show the revenue source that funded the highway law enforcement and safety expenditures. Frequently, other State agencies such as the State highway patrol, State police, or department of public safety, receive their funding from the State general fund.

Highway safety expenditures should include, to the extent possible, the Federal safety programs such as the those provided by sections 402, 403, 405, 406, 407, 408, 410, and 411 of Title 23 of the United States Code conducted by the National Highway Traffic Safety Administration (NHTSA) and the Motor-Carrier Safety Assistance Program (MCSAP) which was reauthorized in the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21).

Highway safety construction expenditures should be reported in item A.1.c. on form FHWA-532.

*Item A.5.a. Traffic supervision.*—Enter the expenses of the State highway patrol or similar agency for providing traffic supervision and patrolling the highways. Traffic supervision includes enforcement of traffic laws, supervision and direction of traffic, accident investigation,

and incidental service functions such as aid to distressed motorists. It includes salaries, benefits, pensions, and equipment costs of officers engaged in these activities.

Costs of criminal investigations and other general policing activities should not be shown in item A.5. If they are financed from highway revenues, they should be reported in item A.13.

*Item A.5.b. Highway, traffic, and driver safety.*—Enter all expenses of safety programs and similar activities relating to the promotion of highway safety and traffic accident prevention, whether conducted by the State DOT, the highway patrol, a traffic safety commission, or other State agency. Examples of highway safety programs include driver education, motorcycle safety, driver awareness, drunk or impaired driving, accident reduction, and emergency medical services for highway accident victims.

The cost of job safety and accident prevention programs for State employees and highway safety research programs should be recorded in item A.4.

*Item A.5.c. Vehicle inspection.*—Enter the expenses of inspecting vehicles, operating inspection stations, and other activities related to periodic motor-vehicle inspection programs, including motor-vehicle emissions inspection and motor-carrier safety inspection.

*Item A.5.d. Vehicle size and weight enforcement.*—Enter expenditures for installing, maintaining, and operating truck weighing stations and other devices involved in the enforcement of vehicle equipment and size and weight limitations on highways. Costs of installing and operating ports-of-entry should be included here if the ports are primarily used as weighing stations. If the ports are used also as information centers, quarantine stations, tax collection points, and so forth, the costs charged to highway funds should be distributed to the other activities as appropriate. Include vehicle weight enforcement facilities eligible for Federal aid under section 101(a) of Title 23 U.S.C.

*Item A.5.e. Total.*—Enter the sum of items A.5.a. through A.5.d.

*Item A.6. Debt service on State obligations for highways.*—Record in this item interest and redemption payments for bonds that were issued for highway purposes. Debt service also includes all expenditures incidental to the sale and retirement of highway debt.

When transfers are made from the highway fund to a debt service fund or sinking fund outside of the highway fund or agency, the payment may be entered in item B. on form FHWA-532 as a transfer from the highway fund column and recorded in item C. on form FHWA-531 as a receipt to the debt service fund. Separate columns should be established on forms FHWA-531 and FHWA-532 to record all allocations of debt service funds and debt service expenditures including the transactions of highway debt sinking funds. The State may report debt service and sinking fund transactions on optional form FHWA-543. (See Chapter 9 for instructions on reporting data for debt service on form FHWA-543.)

Debt service on obligations not maintained by the highway agency may also involve revenues not included in the highway fund. States should include this data in the separate columns for highway debt on forms FHWA-531 and FHWA-532 or on form FHWA-543.

Payments of interest and redemption charges on State bonds issued for the construction of local roads and streets should also be entered in item A.6. and posted in a separate column established for that purpose or the details should be given in a note.

Debt service for toll facilities should be reported separately from highway debt. Debt service on mass transit issues is reported in item A.12.d.

*Item A.6.a. Paying agents fees, etc.*—Enter all debt-related administrative expenses including the costs of preparing and issuing bonds, fiduciary fees, and bond handling charges.

*Item A.6.b. Interest.*—Enter interest paid during the year including accrued interest received on the sale of bonds or paid on redemptions in advance of maturity.

Interest paid on short-term notes or warrants, should be included in this item, even though the proceeds and redemption of short-term loans that will be redeemed within 2 years are not reported on forms FHWA-531 and FHWA-532. (See the discussion presented under item B.10., FHWA-531.)

*Item A.6.c. Retirement by current income.*—Enter the amount of net redemption payments for highway debt, that were funded by current income, or sinking funds. Net redemptions are the amount of funds expended to retire or redeem outstanding obligations and consist of the par value of bonds redeemed, as reported on FHWA-542, column 5, plus any premiums or less any discounts. Such premiums or discounts may occur if bonds were

purchased on the open market in advance of the time they would normally have been redeemed. Any large differences between the net amount reported in this item, and the par amount reported on FHWA-542, column 5, should be explained in a note.

*Item A.6.d. Retirement by refunding.*—Enter the amount of net redemption payments for highway debt, that were funded by the proceeds of refunding bonds. Net redemptions are the amount of funds expended to retire or redeem outstanding obligations and consist of the par value of bonds redeemed by refunding issues, as reported on FHWA-542, column 6, plus any premiums or less any discounts. In many cases, a premium must be paid to retire bonds before their maturity.

Also enter the net amount of outstanding bonds that were refunded through the deposit of refunding bond proceeds into escrow accounts that use those proceeds and investment income to make bond administrative costs, and all remaining principal and interest payments.

*Item A.7. Expenditures on other State roads not on State system.*—Record in this item all direct expenditures and allocations made by State agencies for capital outlay, maintenance, and administration of highways, roads and bridges that are under State jurisdiction but are not on the State system. These roads are usually in State parks, forests, reservations, or institutions. In many States, such roads are not under the control of the State DOT. Data for expenditures on these roads and the revenues that funded them will need to be obtained from the responsible State agencies.

If the State DOT is responsible for all State jurisdiction roads, including those in parks, forests, reservations, and institutions, then the amounts spent on State roads on and off the State system may not be separable. In this case, the State may leave this item blank, and report the combined amounts in items A.1. through A.4. The State should provide a note to indicate that they have elected to report combined amounts.

The general instructions and classification criteria for items A.1. through A.4. (State highway capital outlay, maintenance, operations and administration, respectively) apply as well to items A.7.a. through A.7.c.

*Item A.7.a. Capital outlay.*—Enter all State capital outlay for roads and streets that are under State jurisdiction but are not on the State system.

*Item A.7.b. Maintenance and traffic services.*—Enter all expenditures for State maintenance and for highway and

traffic services for State roads and streets that are not on the State system.

*Item A.7.c. Administration.*—Enter all administrative costs directly attributable to State work on State roads and streets that are off the State system.

*Item A.7.d. Total.*—Enter the sum of items A.7.a. through A.7.c.

*Item A.8. Transfers to toll facilities.*—Enter all State subsidies of or payments to toll facilities. State direct expenditures on State toll facilities should be reported with the transactions of the toll facility. They should be included and noted in this item as if they were a subsidy. See Chapter 10 for data reporting requirements for toll facilities.

*Item A.9. Expenditures by State on locally administered roads.*—This item records all State expenditures for work either contracted or performed on highways, roads, and streets that are under the jurisdictional control of local governments. A separate column on page 2 should be used on forms FHWA-531 and FHWA-532 to identify the receipts, expenditures, and balances applicable to direct State work on local roads and streets.

Federal laws permit the expenditure of Federal-aid highway funds (and other funds) on roads off the State systems. Expenditures by the State on such projects involving Federal funds and local matching funds should be included in this item. The amount of local matching funds should be identified in item B.9. on form FHWA-531.

The general instructions and classification criteria for items A.1. through A.4. (State highway capital outlay, maintenance, highway and traffic services, and administration, respectively) apply as well to expenditures reported in items A.9.a. through A.9.c.

State DOT expenditures for machinery and equipment used on local road work should be included in this item if identifiable and separable from other equipment expenditures.

State capital outlay on local roads and streets as a part of co-supported projects should be reported in these items. State capital outlay on State highways as a part of co-supported projects should be reported in item A.1.

*Item A.9.a. Capital outlay.*—Enter all expenditures on highways, roads and streets that are under local jurisdiction made directly by the State or under State

supervision. Any expenditures for acquisition of right-of-way or for preliminary and construction engineering should be identified in a note.

*Item A.9.b. Maintenance and traffic services.*—Enter all State expenditures for maintenance and highway and traffic services on local roads and streets. Expenditures for highway and traffic services should be identified in a note.

*Item A.9.c. Administration.*—Enter all expenditures for State administrative expenses that can be specifically allocated to managing State work on local roads and streets or assisting local governments in their road programs.

*Item A.9.d. Total.*—Enter the sum of items A.9.a. through A.9.c.

*Item A.10. Grants-in-aid to local governments.*—Enter all funds paid as grants-in-aid or otherwise transferred to local governments or local road improvement districts. Payments to counties and other local units should correspond to information provided on State-to-local revenue distributions for each State in tables MF-106, MV-106, S-106, and F-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or to current statutes where they supplant those in the tables.

If the revenue sources for State grants to local governments are separately identified from those for direct State expenditures, separate columns on forms FHWA-531 and FHWA-532 should be used to account for these transactions. This would clearly show the expenditures and the specific revenues and revenue sources that funded them.

Federal-aid highway funds and other Federal funds passed through to local governments should be included in this item, and should be separately identified. These funds should be identified either in a separate column on the forms FHWA-531 and FHWA-532, or in a note showing the amount of Federal funds transferred and the Federal agency.

The statutory allocations of highway-user revenues to local governments should be reported in this item. However, when the State withholds a portion of the funds as reimbursement for prior expenditures or advances, or as local matching funds for State-local projects, the amounts withheld should be excluded from form FHWA-532 and from item B.9. on form FHWA-531. This avoids the duplication of these funds as income and expenditures for two levels of government.

Do not include in this item payments to counties or other local units under contract to the State for maintenance or construction of State highways. These payments are considered as State expenditures and should be shown in item A.1. or item A.2. Such expenditures should not be included on form FHWA-536.

Payments on obligations assumed as reimbursement for local roads added to the State system are recorded in item A.6. on form FHWA-532.

Any amounts reported in this item should be included in the State and Federal receipts shown in items I.C. and I.D. on form FHWA-536.

*Item A.11. Expenditures by State for mass transit purposes.*—Record all direct expenditures by the State for mass transit purposes. The amounts reported should be limited to State-wide mass transit programs and should not include the direct expenditures of State-owned mass transit operators. State-wide programs may include such activities as car pools, van pools, specialized transit for the elderly or handicapped, park-and-ride lots and other mass transit programs not tied to specific mass transit operators.

Information on the receipts and expenditures of mass transit operators are reported through the Federal Transit Administration's (FTA) Section 15 program. To avoid duplication, information for State-owned mass transit operators that are reported to FTA should be omitted from forms FHWA-531 and FHWA-532. This item is intended to capture only the State's mass transit activities that are not included in FTA's Section 15 reports.

For the purpose of providing balanced statements, a separate column or columns on page 2 of forms FHWA-531 and FHWA-532 should be used to record income (including Federal aid and other Federal funds), expenditures, and fund balances for direct mass transit activities.

Federal funding for mass transit activities is primarily from the Federal Transit Administration. A number of other Federal agencies and programs also support mass transit activities. The funds provided by other Federal agencies should be identified and reported in item B.7., FHWA-531. Federal Highway Administration funds used for mass transit should be identified in item B.6.b. on FHWA-531.

*Item A.11.a. Capital outlay.*—Enter direct capital expenditures of the State for mass transit. This includes expenditures for the following: transit right-of-way and

engineering, park-and-ride and other parking facilities, transit malls, transfer facilities, intermodal terminals, shelters, bus maintenance facilities, vehicle support equipment, transit traffic management or operational support systems, rolling stock, and the replacement, rehabilitation and remanufacture of equipment and facilities. For example, this item records State expenditures bus lanes and for the purchase of specialized vehicles for the transportation of elderly or handicapped individuals.

*Item A.11.b. Operations.*—Enter direct State payments for the operational expenses of mass transit programs. For example, this item records State expenditures for operating State sponsored van pool services, including vehicle leases, maintenance, driver salaries, fuel, tires, insurance, and marketing.

*Item A.11.c. Administration.*—Enter the expenditures associated with program administration, technical studies, planning and research, and demonstration of mass transit programs and project.

*Item A.11.d. Debt service.*—Enter the interest and redemption payments for State obligations issued for mass transit purposes. This also includes all expenditures incidental to the sale and retirement of the bonds.

*Item A.11.e. Total.*—Enter the sum of items A.11.a. through A.11.d.

*Item A.12. Grants-in-aid for mass transit purposes.*—Record all funds paid as grants-in-aid, subsidies, or otherwise transferred to State, local and private mass transit operators. Also include amounts transferred to local governments or regional authorities for mass transit purposes.

The transfers to mass transit operators reported in this item should be consistent with information on State funding of mass transit as reported by mass transit operators through the Federal Transit Administration's Section 15 program. If any funds were transferred to local governments, regional authorities, or other governmental entities that do not provide information to the Federal Transit Administration, that amount should be reported in a note.

For the purpose of providing balanced statements, a separate column or columns on page 2 of forms FHWA-531 and FHWA-532 should be used to record income, expenditures, and fund balances for mass transit grants-in-aid.

Federal funds passed through the State to mass transit operators, or local governments for mass transit purposes should be included in this item, and identified separately. Amounts transferred by Federal agencies directly to mass transit operators should be omitted.

*Item A.12.a. Grants-in-aid for capital assistance.*—Enter State capital assistance payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators. Capital assistance payments can be for the purchase of buses, rail cars or other capital activities described in item A.11.a..

*Item A.12.b. Grants-in-aid for operations.*—Enter State operating assistance payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators. Operating assistance payments can be for reduced fares for elderly or handicapped or for operating activities described in item A.11.b.

*Item A.12.c. Grants-in-aid for administration.*—Enter State mass transit planning and research payments (including Federal funds) to local governments, regional planning organizations, and State, local, or private mass transit operators.

*Item A.12.e. Total.*—Enter the sum of items A.12.a. through A.12.c.

*Item A.13. Expenditures for nontransportation purposes.*—Record in this item all expenditures for purposes not related to highways or mass transit, that were funded by revenues reported on form FHWA-531. The types of expenditures to be entered under this heading include:

- ! Dedications of State motor-fuel, motor-vehicle, or motor-carrier revenue from items B.1. and B.2., FHWA-531 for State general purposes, or for specific nonhighway non-mass transit purposes.
- ! Expenditures for other modes of transportation made from a consolidated State DOT fund, if all revenues for that fund were included on form FHWA-531. If revenues used for aviation, marine, and freight rail modes are separately identifiable from those used for highways, then the revenue and expenditures for these nonhighway modes should be excluded from forms FHWA-531 and FHWA-532.

! Diversions from highway balances reported in item A., FHWA-531 to nontransportation purposes.

! Payments for services that are not related to highways or mass transit. This would include statewide prorated costs assigned to a State DOT, a State highway revenue fund, or a State Transportation Trust Fund for the support of the State legislature, other State agencies, or general government services. Any payments made to other State agencies for specific administrative services related to the operation of the highway program would be reported in item A.4.a., FHWA-532.

The collection and administrative costs associated with motor-fuel and motor-vehicle collections should not be included in this item. These amounts should either be deducted on forms FHWA-556 and FHWA-556, or deducted in items B.1.c. or B.2.c., FHWA-531.

Note that some State definitions of certain categories of highway expenditures are broader than those of form FHWA-532. In some instances, this will result in the need to report an amount in this item that the State normally treats as a highway expenditure in its own records.

*Items A.13.a. Transfers to State general fund for State general purposes.*—Enter any amounts transferred to the State general fund for State general purposes. Include motor-fuel and motor-vehicle revenues dedicated to the State general fund. Also include any surplus revenue that reverts to the general fund.

Amounts that are transferred to the State general fund for a specific nonhighway purpose should be excluded from this item, and reported in Items A.13.b through A.13.f.

*Items A.13.b. through A.13.f. Expenditures for nontransportation purposes.*—Enter and specify the amount, funding source, and purpose of other nontransportation expenditures that are reported in this item.

*Item A.13.g. Total.*—Enter the sum of items A.13.a through A.13.f.

*Item A.14. Total expenditures.*—Enter total State highway expenditures by adding items A.1. through A.13.

*Item B. Interfund transfers, out.*—This item is used in conjunction with item C. on form FHWA-531, and records the transfers among the funds reported on the two forms. Transfers for nonhighway purposes or to the State general fund should be recorded in item A.13. The sum of the entries in item B. must equal the sum of the entries in item C. on form FHWA-531. Any differences should be explained in a note.

*Item C. Unexpended balances at end of year.*—Enter the balances remaining at the end of the reporting year for all funds identified on forms FHWA-531 and FHWA-532. The discussion of balances presented in connection with item A. on form FHWA-531, is applicable in general to item C. on form FHWA-532.

*Item D. Total funds accounted for.*—Enter the sum of items A.14., B. and C. The entries in item D. on form FHWA-532 must equal the entries in item D. on form FHWA-531.

This public report burden for this information collection is estimated to average 32 hours.

<b>STATE HIGHWAY INCOME</b>		STATE	
		YEAR ENDING (mm/yy): 0	
INFORMATION FROM THE RECORDS OF:		PREPARED BY:	
<b>B- 1. State motor-fuel taxes</b>		<b>B-6. Funds from FHWA (Identify by purpose)</b>	
a. Total Distributed (from FHWA-556, Item 8k)		1. Highway purpose	
b. Adjustments Due To Timing differences		2. Transit purpose	
c. Less Collection Costs Not Shown on FHWA-556		3. Total, FHWA-531, B-6	
d. Less Other (Specify)		0	
e. Less Other (Specify)		<b>B-7. Funds from other Federal agencies (Identify by agency)</b>	
f. Net Income, FHWA-531, B-1	0	a. Federal Transit Admin.- Highway purpose	
<b>B-2. State motor vehicle, motor carrier and driver license taxes, fees ,etc.</b>		b. Federal Transit Admin.- Transit purpose	
a. Total Distributed FHWA-566, Item 8k		c. Nation Highway Traffic Safety Admin.	
b. Adjustments Due To Timing differences		d. Forest Service (Reserve funds)	
c. Less Collection Costs Not Shown on FHWA-566		e. Bureau of Indian Affairs	
d. Less Other (Specify)		f. Bureau of Land Management	
e. Less Other (Specify)		g. Bureau of Reclamation	
f. Net Income, FHWA-531, B-2	0	h. Mineral Management Service	
<b>B-3. Appropriations from State general funds (Indicate purpose of appropriation, e.g., State Highways, State Police, Grants To Counties, Etc.)</b>		i. Army Corps of Engineers	
a.		j. Department of Energy	
b.		k. Federal Emergency Management Agency	
c.		l. (Specify)	
d.		m. (Specify)	
e.		n. (Specify)	
f.		o. (Specify)	
g. Total, FHWA-531, B-3	0	p. Total, FHWA-531, B-7	0
<b>B-4 - Other State taxes or fees (Identify by type of tax)</b>		<b>Report Totals for Items B-8 and B-9 on page 2</b>	
a. Sales And Use Taxes		<b>B-10. Miscellaneous State highway income (Identify major items)</b>	
b. Severance Taxes		a. Interest On Investments, Sinking Funds	
c. (Specify)		b. Interest On Investments, Other Accounts	
d. (Specify)		c. Private Contributions	
e. (Specify)		d. (Specify)	
f. Total, FHWA-531, B-4	0	e. (Specify)	
<b>Report Totals for Item B-5 on page 2</b>		f. (Specify)	
		g. (Specify)	
		h. (Specify)	
		i. Total, FHWA-531, B-10	0
NOTES AND COMMENTS:			

STATE:	YEAR ENDING (mm/yy):			
ITEM		TOTAL ALL FUNDS	(A)	FHWA FUNDS (B)
A. BALANCES ON HAND AT BEGINNING OF YEAR:				
1. Reported At End of Prior Year		0		
2. Adjustments of Balances		0		
3. Balance at Beginning of Year		0	0	0
B. INCOME:				
1. State Motor-Fuel Taxes		0		
2. State Motor Vehicle, Driver License and Motor Carrier taxes and fees		0		
3. Appropriations from State General Funds		0		
4. Other State Taxes or Fees		0		
5. Funds from Toll Facilities		0		
6. Funds from Federal Highway Administration		0		
7. Funds from Other Federal Agencies		0		
8. Funds from Local Governments		0		
9. Proceeds of Sale of Bonds (from FHWA-541, Item 9.H)		0		
10. Miscellaneous State Highway Income		0		
11. Total Income (B-1 Thru B-10)		0	0	0
C. INTERFUND TRANSFERS, IN (Must equal Item B, form FHWA-532)		0		
D. TOTAL FUNDS ACCOUNTED FOR (A-3 + B-13 + C; Must equal Item D, form FHWA-531)		0	0	0

	(C)	(D)	(E)	(F)	(G)	(H)
A-1						
A-2						
A-3	0	0	0	0	0	0
B-1						
B-2						
B-3						
B-4						
B-5						
B-6						
B-7						
B-8						
B-9						
B-10						
B-11 Total	0	0	0	0	0	0
C.						
D. Total All	0	0	0	0	0	0

This public report burden for this information collection is estimated to average 40 hours.

<b>STATE HIGHWAY EXPENDITURES</b>		STATE:
		YEAR ENDING (mm/yy) /
<b>A. 1 Capital outlay on state system</b>		
a. Cost of acquiring right-of-way		
b. Preliminary and construction engineering		
c. Construction of highways		
d. Total, A-1		0
<b>Report Total for Item A.2 on page 2</b>		
<b>A. 3 Highway and traffic services</b>		
a. Traffic control operations		
b. Snow and ice removal		
c. Other		
d. Total, A-3		0
<b>A. 4 General administration and miscellaneous expenditures for State Highways</b>		
a. General administration & engineering		
b. Highway planning & research		
c. Total, A-4		0
<b>A. 5 Law Enforcement and Safety</b>		
a. Traffic supervision		
b. Highway, traffic, and driver safety programs		
c. Vehicle inspection		
d. Vehicle size and weight enforcement		
e. Total, A-5		0
<b>Expenditures on Other Roads and Streets ----&gt;</b>	<b>A.7 Other State roads not on Sta</b>	<b>A.9 Locally administered roads</b>
a. Capital outlay		
b. Maintenance and Traffic Services		
c. Administration		
d. Total, A-7 & A-9	0	0
<b>Report Total for Items A.6, A.8 and A.10 on page 2</b>		
<b>Expenditures for Mass transit Purposes ----&gt;</b>	<b>A.11 Direct Expenditures</b>	<b>A.12 Grants-in-aid</b>
a. Capital Outlay		
b. Operations and Maintenance		
c. Administration, Planning, and Research		
d. Debt Service		
e. Total, A-11 & A-12	0	0
<b>A.13 Expenditures for Nontransportation Purposes</b>		
a. Transfers to State General Fund for State general purposes		
b. (Specify)		
c. (Specify)		
d. (Specify)		
e. (Specify)		
f. (Specify)		
g. Total, A-13		0

STATE:	YEAR ENDING (mm/yy) /			
ITEM		TOTAL ALL FUNDS	(A)	FHWA FUNDS (B)
A. EXPENDITURES:				
1. Capital outlay on State system		0		
2. Maintenance of State system		0		
3. Highway and traffic services on State system		0		
4. General administration and miscellaneous expenditures for State system		0		
5. Law enforcement and safety		0		
6. Debt service on State obligations for highways:				
a. Paying agents fees, etc.		0		
b. Interest		0		
c. Retirement by current income (Net value. Relates to par value from FHWA-542, column 6)		0		
d. Retirement by refunding (Net value. Relates to par value from FHWA-542, column 6)				
7. Expenditures on Other State roads not on State system		0		
8. Transfers to toll facilities (specify facility)		0		
9. Expenditures by State on locally administered roads		0		
10. Grants-in-aid to local governments		0		
11. Expenditures by State on mass transportation		0		
12. Grants-in-aid for mass transportation purposes		0		
13. Expenditures for non-transportation purposes		0		
14. Total expenditures (A-1 thru A-13)		0	0	0
B. INTERFUND TRANSFERS, OUT (must equal item c, form FHWA-531)		0		
C. UNEXPENDED BALANCES AT END OF YEAR		0		
D. TOTAL FUNDS ACCOUNTED FOR (A-14 + B + C; must equal item D, form FHWA-531)		0		

	(C)	(D)	(E)	(F)	(G)	(H)
A-1						
A-2						
A-3						
A-4						
A-5						
A-6a						
A-6b						
A-6c						
A-6d						
A-7						
A-8						
A-9						
A-10						
A-11						
A-12						
A-13						
A-14 Total	0	0	0	0	0	0
B.						
C. Balances						
D. Total All						